



## **OCC Testifies in Opposition of Telephone Company Deregulation Bill**

The Office of Consumer Counsel (OCC) testified before the Energy and Technology Committee in opposition of Raised Bill 6402, *An Act Concerning Modernizing the State's Telecommunications Law*. This bill, in large part, has been a feature of the last four legislative sessions.

This is not a “modernization” bill, but simply a “deregulation” bill for the two telephone companies operating in Connecticut, AT&T and Verizon. The proposal basically seeks to allow the state’s two “telephone companies” to stop providing landline basic telephone service, although there are over 1 million landlines in Connecticut, including residential and small business lines. (Section 5)

The OCC believes the General Assembly shouldn't pass this bill because AT&T filed a Petition with the Federal Communications Commission (FCC) just last November, detailing their plans to "clear away the regulatory underbrush" governing the company's older landline and digital subscriber line (DSL) networks. The FCC accepted AT&T's proposal and the General Assembly should let the FCC take charge of this issue on a national basis, as AT&T has argued it should.

AT&T asked the FCC for a “testing process” to develop procedures for the inevitable transition to a broadband telephony network in this country.

Only through the FCC can procedures be implemented to safely transition the nation's telephone system from its legacy systems to one based on Internet-protocol, as requested by AT&T last November. Proper procedures and processes must be created to provide for a timely and smooth transition for existing customers, not merely a month's notice as this bill provides. This is an extremely serious issue that demands a national solution, not a piecemeal approach by 50 states.

The telephone companies also want to get out of service quality standards and penalties, but their dismal performance demands regulation. (Section 6) The various storms over the last two years demonstrated poor restoration performance to all 169 towns across the state. Strong service quality standards are essential to assure residents and businesses, and communities, that the telephone companies are keeping their equipment up to the highest marks at all times.



Finally, the telephone companies claim that there is sufficient “competition” for basic telephone service to allow customers to find alternative sources for “plain old telephone service,” POTS.

Evidence of competition for basic phone service does not exist: cable companies only sell bundles with television, while wireless is far more expensive and can be difficult for elderly consumers. Simple and inexpensive may be less profitable to telephone companies, but it is an essential public utility for 1 million landline customers in this state.

In the absence of true competition for basic telephone service, this bill will result in higher prices for most residential telephone customers across the state at a time when electric, natural gas, and cable rates have already skyrocketed.

Thus, continued regulation is required in order for Connecticut’s 1 million landline customers to continue to have service from a telephone company. These companies are very profitable, but want to concentrate their efforts on *more* profitable wireless and broadband services. That makes fine business sense, but to allow these massive companies to simply provide the state and customers with only 30 days’ notice before abandoning these customers will be disastrous for the state, especially the thousands of disadvantaged and small business customers.